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ST. PATRICK HOSPITAL AND HEALTH SCIENCES CENTER

EXECUTIVE OFFICES

EXHIBIT 3
DATE 3-27-09
SB 446

March 26, 2009

TO: Representative Arlene Becker
House Human Services Committee

RE: Senate Bill 446

Dear Chairman and Committee Members:

I am writing on behalf of St. Patrick Hospital and Health Sciences Center. We strongly support Senate Bill 446 which would allow specialty hospitals to be built under certain conditions. The conditions outlined in this Bill represent a good compromise which would allow physicians and hospitals to joint venture to create synergies that would be both to the benefit of not only the providers and hospitals but moreover to the community at large. We feel that under certain circumstances such arrangements could be quite helpful to emphasize and promote excellence in certain service lines such as orthopedics and cardiology as mentioned in the Bill.

We hope the Committee will vote favorably on this Bill and that the legislation will be enacted. We feel that under the conditions of the Bill this legislation would position Montana to have a favorable mechanism by which specialty hospitals could meaningfully contribute to the overall healthcare delivery in the state of Montana.

Respectfully submitted,

Jeff D. Fee
President

Senate Bill 446
Senator R. Story
A Proposal to Lift the Moratorium on Specialty Hospitals

- **EMERGENCY SERVICES.** The definition of a hospital is amended to require 24-hour emergency care on site, but does not require an emergency room. A specialty hospital that has an agreement with another hospital in the service area to provide emergency room care meets this requirement. This provision assures emergency services are available to the hospital patients without unnecessarily duplicating emergency room care within a community.
- **PATIENT PROTECTIONS.** The bill provides that all hospitals have a policy that prohibits discrimination based upon a patient's ability to pay, and on the amount to be paid for services. The bill also requires all hospitals to have a charity policy consistent with industry standards for the service area, and with consideration of a hospital's tax status. Finally, a hospital is prohibited from transferring a patient to another hospital based upon ability to pay.
- **TRANSFER PROVISIONS.** When EMTALA regulations do not govern a patient transfer, the bill requires a transferring hospital to notify the receiving hospital prior to transfer, provide the reason for the transfer and assuring that the appropriate medical records accompany the patient. Relying solely on a 911 call is prohibited.
- **LICENSING REQUIREMENTS.** The state may, after July 1, 2009, accept an application to license a specialty hospital. Prior to approving an application, the department must adopt related rules. The applicant for the specialty hospital must have either a joint venture with a nonprofit hospital in the community or a signed statement from the community hospital that a good faith offer for joint venture was declined. Further, a majority of the physicians that own a joint venture specialty hospital must have active privileges at the joint venture hospital partner. Due to federal tax rules, a nonprofit hospital is required to have at least a 50% interest. The bill does not limit individual physician ownership percentages. Finally, a joint venture specialty hospital is required to use the community hospital partner charity policy.
- **LICENSING PROCESS.** There is a provision for an impact study for a specialty hospital performed by a third party consultant. This study will analyze both positive and adverse financial and operational impacts on existing facilities in the community. The results of the study can affect the Department's licensing decision.
 - **Choosing the Consultant.** The applicant for a specialty hospital is required to provide a list of independent consultants. Other interested public could also recommend consultants. The Department is allowed to choose which consultant will perform the study, and approve the scope of the analysis. The costs for the study are borne by the applicant.
 - **Opportunity for Public Comment and Participation.** The Department must provide for public participation in the process to assure that the study considers the views of existing health care facilities and the general public.
 - **The Outcomes.** The Department must complete the study, and act on the license within 180 days. Based upon its findings, the department can impose conditions to mitigate adverse impacts identified in the study or deny the application. The applicant can appeal the Department's decision under current administrative procedures.
- **Effective Date:** July 1, 2009